

Message Text

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UNCLAS KUWAIT 2691

E.O. 11652: NA

TAGS: BMEP, BEXP, ENRG, KU

SUBJ: LARGE NEW KUWAIT LPG PROJECT REQUIRES ADDITIONAL
HUNDREDS OF MILLIONS OF DOLLARS IN EQUIPMENT PURCHASES

REF: A. KUWAIT 2441 B. KUWAIT 2261 C. KUWAIT 1842

1. EMBOFFS HAVE RECENTLY RECEIVED RELIABLE INFORMATION AS TO
METHOD SUCCESSFUL CONTRACTORS WILL EMPLOY IN PURCHASING EQUIPMENT
FOR KUWAIT LPG PROJECT. ACCORDING TENDER DOCUMENTS, CONTRACTORS
MUST GET QUOTES FROM THREE DIFFERENT COUNTRIES ON ALL EQUIPMENT
PURCHASES. SELECTION OF EQUIPMENT PURCHASED WILL BE DONE IN
CONSULTATION WITH PROJECT MANAGER BECHTEL.

2. COST OF ALREADY PURCHASED LONG-LEAD ITEMS, WHICH TOTAL APPROX
\$90 MILLION WILL BE FAR SURPASSED BY PIPES, FABRICATED ITEMS,
INSTRUMENTATION, AND PROCESS CONTROL EQUIPMENT REQUIRED FOR
PROCESSING PLANT, PIPELINES, AND GATHERING STATIONS. BULK
OF EQUIPMENT, OTHER THAN LOCALLY SUPPLIED PIPE, WILL BE FOR
PROCESSING PLANT. WE GIVE ESTIMATE BY ONE KNOWLEDGEABLE
INDIVIDUAL THAT PURCHASES FOR THIS PLANT WILL TOTAL IN EXCESS
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OF \$150 MILLION. LESS IS KNOWN ABOUT TOTAL ADDITIONAL REQUIRE-

MENTS FOR GATHERING FACILITIES AND BOOSTER STATIONS, BUT PRESUMABLY MUCH OF THE EQUIPMENT HERE WAS ACCOUNTED FOR BY ALREADY PURCHASED COMPRESSORS AND DRIVERS. NEVERTHELESS, WE WOULD GUESS THAT ADDITIONAL EQUIPMENT PURCHASES WOULD TOTAL WELL IN EXCESS OF \$250 MILLION.

3. SOURCE SURMISED THAT MUCH OF FABRICATION WOULD BE IN EUROPE, PROCESS CONTROL EQUIPMENT WOULD COME FROM BOTH US AND EUROPE, AND THAT WITH PROPER EFFORT ALMOST ALL INSTRUMENTATION COULD COME FROM US.

4. CONTRACTORS BIDDING UNDER THE THREE PACKAGES (PIPELINES, GATHERING FACILITIES, AND PROCESSING STATION) MUST SUBMIT THEIR BID BY JULY 14 WITH A THREE MONTH BID GUARANTEE. THUS, EQUIPMENT PURCHASES WOULD PROBABLY COMMENCE IN LATE FALL.

5. ACTION REQUESTED: EMBASSY RECOMMENDS COMMERCE OBTAIN ADDITIONAL DETAILS CONCERNING METHODS OF PURCHASE AND TYPES OF EQUIPMENT NEEDED CALLED FOR IN TENDER DOCUMENTS FROM US FIRMS INVITED TO BID IN EACH OF THREE CATEGORIES OUTLINED IN REFS B AND C. MAJOR EFFORT SHOULD BE MADE TO INSURE APPROPRIATE EQUIPMENT SUPPLIEERS IN AREAS IN WHICH US HAS OPPORTUNITY TO MAKE SIGNIFICANT SALES BE APPRISED OF THE STATUS THIS PROJECT.
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